

Road Map for the Development of the New Jersey Clean Energy Program

- [Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., \("EDECA" or "Act"\)](http://www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml) was signed into law Feb 9, 1999. (Copy of the Act is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- N.J.S.A. 48:3-60a(3), directed the Board to initiate a proceeding of the current and available energy efficiency and renewable energy programs and to determine the appropriate level of funding and the level of cost recovery for energy efficiency and Class I renewable energy programs to be funded by the societal benefits charge (SBC) established through EDECA.
- The goals for the energy efficiency (EE) and renewable energy (RE) programs as set forth in EDECA were to establish programs that had environmental benefits over and above those of existing standard offer programs, make energy service more affordable for low-income customers and eliminate subsidies for programs that can be delivered into the market without SBC funding.
- This proceeding, formerly called a comprehensive resource analysis (CRA), was initiated on April 9, 1999. There were two main parties to this proceeding. The seven energy Utilities in New Jersey and the Division of the Ratepayer Advocate (DRA). A number of energy efficiency companies, renewable energy companies local government utilities, and other interested parties including business, environmental and consumer advocacy groups intervened in this proceeding and supported one of the two parties in the CRA proceeding.
- On February 9, 2000 the parties submitted two different settlement agreements for the Board's consideration. The six NJ energy utilities (Elizabethtown Gas, New Jersey Natural Gas, PSE&G, South Jersey Gas, GPU and Conectiv) and the National Resource Defense Council (NRDC) filed a Stipulation (Utilities/NRDC) which was additionally signed by Environmental Defense Fund, American Wind Energy Association, BP Solarex, Renewable Ventures and the Eastern Heating and Cooling Council. The second Stipulation was jointly filed by the DRA, New Jersey Public Interest Intervenors, SESCO, National Association of Energy Service Companies, New Jersey Coalition of Energy Service Companies, ONSITE SYCOM, Astropower, Energy Photovoltaics, GeoSolar, Green Mountain, H Power, Mid-Atlantic Solar Energy Industries Association, Siemens Solar, BP Solarex (DRA).
- After a number of public meetings, motions filed and comments submitted by both parties, testimony provided by experts from both parties, a public hearing and in consultation with the New Jersey Department of Environmental Protection, the Board issued its CRA Order on March 9, 2001. This Order directed the Utilities to jointly and in a coordinated manner administer the EE and RE programs. The CRA Order was a consolidation of almost 2 years of filings by all parties. (A copy of this Order, which is a summary of the filings, is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- The Utilities were directed to submit, within thirty days of the date of the March 9, 2001 CRA Order, a Program Compliance Filing that was to include incentive levels and detailed program budgets for the residential energy efficiency, commercial and industrial energy efficiency, and renewable energy programs, for Board approval. (Copies of this filing are available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)

- The Utilities jointly submitted the Program Compliance Filing is filing on April 9, 2001 and the Board approved the filing with certain modifications by Order dated August 15, 2001. The Utilities file a Program Compliance Filing on an annual basis for the upcoming year. (A copy of this Order is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- The Board determined that Utility administration was appropriate for a period of one year, during which time the Board retained a consultant, Davies Associates, to assist in evaluating how best to continue the administration of the energy efficiency and renewable energy programs. (A copy of this Report is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- Some parties, including the DRA, asserted that there is an inherent conflict of interest in the Utilities administering the energy efficiency and renewable energy programs and that one single statewide administer would be more cost-effective. Others, including the Utilities, asserted that there were numerous advantages to utility administration, including existing experience and infrastructure associated with prior programs. This debate is still ongoing and is the basis for the formation of the Clean Energy Council and the Board's direction for the CEC to provide ongoing advice on this issue (as well as program structure and budgets). This issue is the focus of the May 13 2003 public meeting.
- There were four public hearings held by the Board during May 2002 on the findings of the Davies report. A number of interested party meetings by program category (e.g. residential, C&I, schools and renewables) were held by board staff to discuss program issues, incentives, administration roles and fund management, including any suggested changes. This information and input formed, in part, the Board's 2003 straw proposal. (A Summary of the comments is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- Based on these comments and information, the Utilities, in conjunction with NRDC, submitted their 2003 Compliance Filing. This Compliance Filing, in part, forms the Board's 2003 straw proposal. The filing included a request for budget flexibility, a transition plan, and funding options for the 2003 budgets. (A copy of this Filing is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml).
- In the January 22, 2003 New Jersey Clean Energy Program Order, the Board established the New Jersey Clean Energy Council, as advisors to the Board. The Clean Energy Council will provide planning assistance for the administration of the programs and will work with Board staff to make recommendations for and assessments of the components of the New Jersey Clean Energy Program (A copy of this Order is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- In the March 4, 2003 New Jersey Clean Energy Program Order, the Board deferred any further action on the Utilities 2003 Compliance Filing until such time as a review of the budgets and programs by the Clean Energy Council had taken place. The Clean Energy Council was directed in this Board Order to develop a report and recommendations for program administration and fund management by July 1, 2003. (A copy of this Order is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- In the March 4, 2003 New Jersey Clean Energy Program Order, the Board directed Board staff to prepare options for the 2003 New Jersey Clean Energy Programs and the 2003 program

budgets for review and comments by the New Jersey Clean Energy Council. This Order included the Board's 2003 straw proposal for the New Jersey Clean Energy Program.

- On March 28, 2003, the initial meeting of the Clean Energy Council, Board staff presented the recent Clean Energy Orders and the 2003 straw proposal for the New Jersey Clean energy program budget and programs. (A copy of the information distributed and discussed at the March 23, 2003 CEC meeting is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- A detailed chart of the New Jersey Clean Energy Programs was prepared and presented to the Clean Energy Council prior to the April 11, 2003 meeting. The chart consolidated the Utilities 2002 programs and budgets along side of the Board's 2003 straw proposal for programs and budgets. This chart included the goals and objectives for the Board's 2003 straw proposal. (A copy of the information distributed and discussed at the April 11 meeting including a copy of the consolidated chart are available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- At the April 11, 2003 meeting the Clean Energy Council discussed the 2003 New Jersey Clean Energy Program straw proposal and budget as presented. The Clean Energy Council endorsed the Board's 2003 straw proposal for the New Jersey Clean Energy Program by consensus and without objection. The Clean Energy Council recommended that the programs and budget for the programs should materially conform to the amounts in the Board's 2003 straw proposal as listed in the consolidated chart.
- Several comments were expressed by the various Clean Energy Council members on the 2003 programs and budgets, included the following:
 1. Keep a close rein and cap on administrative costs;
 2. Ensure that the renewable budget appropriately allocates the 25% funding set forth in past Board Orders and EDECA;
 3. Provide flexibility in the budgeting between programs while insuring that administrative costs are minimized and the overall budget is not exceeded;
 4. Manage the program statewide;
 5. Provide a mechanism to buy out old Standard Offer contracts to increase future funding for energy efficiency and renewable energy;
 6. Establish measurable performance goals and evaluation criteria for all programs;
 7. Increase the funding to the low income projects; and
 8. Commercial programs should expand focus to small and mid-sized customers, but should not preclude large businesses from participation.
- The Clean Energy Council recommended that their comments regarding the 2003 programs and budget be used by the Board staff and the Utilities as guidance in implementing the 2003 programs and developing the transition to the 2004 programs.
- In term of flexibility, the Clean Energy Council recommended that the Board staff in directing the Utilities for the 2003 programs should be authorized to reallocate funds from one program category to another, after consultation with the Board and the Clean Energy Council and provided that the following objective is meet: That the transfer between program categories should not materially diminishes any program either separately or in total. The Clean Energy Council further recommended that Board staff directing the Utilities should provide sufficient analysis to document this objective to the Board and the Clean Energy Council.

- The Board staff directing the Utilities will provide ongoing monthly updates to the Board and Clean Energy Council on the implementation of the 2003 programs, the administrative costs and program incentive/rebates so they can be considered in developing and transitioning to the 2004 New Jersey Clean Energy Programs.
- At the April 11, 2003 Clean Energy Council meeting, the Utilities presented the status of program funding indicating that there was \$156.262 million in funding available for 2003 as opposed to the Utilities previously supplied estimated figure of \$150.016 million as approved by the Board in the March 4, 2003 New Jersey Clean Energy Program Order. This new budget figure includes the 2003 funding set forth in the March 9, 2001 CRA Order of \$124.126 million and carryover unspent funding from 2001 and 2002 program years.
- The Clean Energy Council recommended that Board staff work with the Utilities to distribute these additional funds in accordance with the above consensus guidance recommendations and comments from the Clean Energy Council.
- The Board approved the 2003 New Jersey Clean Energy program and budget including the above Clean Energy Council guidance and advice by Order dated. (A copy of this Order is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)
- On April 23, 2003, the Clean Energy Council met to discuss other states' current program administration and cash management options as presented by Chuck Goldman of Lawrence Berkley Labs and Roger Clark of the Clean Energy States Fund Alliance. (A copy of the information distributed and discussed at the April 11 meeting is available at www.state.nj.us/bpu/cleanEnergy/cleanEnergyProg.shtml)